

# WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Budget Summary					FTE Position Summary
Fund	2012-13 Adjusted Base	Request		2013-15 Change Over Base Year Doubled	
		2013-14	2014-15	Amount	%
GPR	\$0	\$2,500,000	\$0	\$2,500,000	N.A.

There are no authorized state positions for the Wisconsin Housing and Economic Development Authority.

## Major Request Item

### 1. APPROPRIATION TO WISCONSIN DEVELOPMENT RESERVE FUND

GPR	\$2,500,000
-----	-------------

Although not reflected in the budget system, WHEDA requests a one-time transfer of \$2.5 million GPR to the Wisconsin Development Reserve Fund (WDRF) in 2013-14. The WDRF supports guarantees on agricultural and small business loans issued by participating lenders. The fund is required by statute to maintain a reserve of \$1 for every \$4.50 in outstanding guarantees, up to a total outstanding guarantee limit of \$49.5 million. This equates to a minimum fund balance of \$11 million for the maximum authorized amount of outstanding guarantees. The WDRF and its predecessors have received approximately \$18.4 million in net appropriations from GPR and other state funds since the creation of the first loan guarantee programs in 1985. The last appropriation or transfer of state funds into the WDRF occurred in 1997-98, and the WDRF currently receives most of its income from various application, origination, closing and servicing fees on guaranteed loans, as well as from investment income on fund balances.

The WDRF balance was \$6.2 million as of June 30, 2012, with outstanding guarantees totaling \$23.5 million. Additionally, WHEDA estimates the WDRF balance would decrease to perhaps \$4.7 million as of June 30, 2013, and perhaps \$3.2 million as of June 30, 2014. These balances would support outstanding guarantees of approximately \$21.1 million and \$14.5 million, respectively, which could result in significantly reduced guarantee activity, if any, in future years. To stabilize the WDRF and preserve guarantee authority, WHEDA and its board members approved in April, 2012, several fee increases and other changes to loan guarantee programs. These changes began taking effect May 1, 2012. The GPR appropriation request is intended to increase WDRF balances in order to support continued loan guarantees.